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Demographic and social statistics: poverty statistics

Poverty statistics

Report of the Secretary-General

Summary

The present report was prepared at the request of the Statistical Commission at its thirty-fourth session.[a] It reviews the project initiated by the United Nations Statistics Division in April 2003 for the preparation of a handbook on poverty statistics, presents the project's objective and expected outputs, and describes the consultative process put into place to implement the project. The report also reviews project activities to date, including the establishment of the Steering Committee on Poverty Statistics, an annotated outline of the handbook and the project web site. Points for discussion by the Commission are contained in paragraph 1.

[a] *Official Records of the Economic and Social Council, 2003, Supplement No. 4* (E/2003/24), chap. I.A.

* E/CN.3/2004/1.

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1. **The Commission may wish to express its views on the progress made on the provisional annotated outline of the handbook and the proposed future activities, as described below.**

Objective

2. The overall objective of the project is to assist policy makers and statisticians in member countries to face the growing demand for poverty statistics and related information by developing a system of poverty measurement that is responsive to national and international data needs. In particular, the project will help share experience on the collection and analysis of poverty statistics across different regions, help countries to gain an overview of the extensive literature on poverty and to better understand the options available at the country level. Furthermore, it will provide some practical guidance for the compilation and reporting of poverty data.

Duration

3. It is anticipated that the project will be carried out between 2003 and 2005.

Project output

4. The project will prepare a handbook entitled *Poverty Statistics: Concepts, Methods and Policy Use*. The purpose of the publication will be to assist countries in designing and implementing systems of poverty measurement that satisfy both their national policy needs and the increasing international demand for poverty statistics and related data.

Intermediary outputs

Steering Committee on Poverty Statistics

5. The Steering Committee on Poverty Statistics, comprising 10 eminent experts, has been established to guide the process of the preparation of the publication. The task of the Steering Committee is to advise the United Nations Statistics Division on all issues pertaining to structure and content of the publication. In addition, the Steering Committee will make recommendations for authors and reviewers of the various chapters of the publication. The interactions of the Steering Committee will be held electronically, with possibly one or two physical meetings to be held during the lifetime of the project (2003-2005).

6. One of the main concerns in selecting the members of the Steering Committee was to focus the publication on issues that are relevant and useful for developing countries. At the same time, the publication should have a strong methodological component that will serve as a foundation for empirical work to be conducted at the country level. Therefore, the Steering Committee includes experts from the academic arena as well as from national institutions. Moreover, close collaboration with the Rio Group on Poverty Statistics has been sought in order to build on the practical experience available in the Rio Group and to incorporate regional perspectives to the extent possible (see also E/CN.3/2004/9).

Annotated outline

7. In April 2003, the United Nations Statistics Division prepared a provisional annotated outline that was used as the basis to initiate the discussion among the experts on the content and structure of the publication. The outline has now been finalized based on expert comments and it will be used in the subsequent phases of the project. The outline was recently presented at a meeting of the Rio Group on Poverty Statistics held in Rio from 12 to 14 November 2003. The annotated outline is contained in the annex to the present report.

Project web site

8. The United Nations Statistics Division has established a web site (http://unstats.un.org/unsd/methods/poverty/) to disseminate work in progress on the project and on the draft publication. The site also reports on the organization and implementation of project activities, including four regional workshops and one expert group meeting planned during the lifetime of the project.

Regional workshops

9. Regional workshops involving regional and national stakeholders and other international agencies — two in Africa, one in Latin America and the Caribbean and one in Asia and the Pacific — will provide comments on papers drafted to date and contribute material for the country practices.

Expert group meeting

10. An expert group meeting, consisting of the Steering Committee, authors, reviewers and regional and national experts (senior statisticians), will conduct a comprehensive review of the first draft of the publication.

Annex

Annotated outline of *Poverty Statistics: Concepts, Methods and Policy Use*

Chapter 1
Preface and introduction (10 pages)

To set the scope of the publication, what it includes and what it does not include.

To explain what types of poverty statistics are needed for what purpose (i.e. why/when different poverty measures are important and relevant for specific policy purposes).

To make clear the distinction between national and global poverty estimates and to address the role of inter-country comparisons and regional and global totals in description, causal inference and policy-making at both the national and global levels.

To specify the target users of the publication (e.g., statisticians and data producers, policy makers at the national and international levels).

Chapter 2
Concepts and fundamentals of poverty measurements (30 pages)

To highlight the conceptual debates surrounding: concepts of poverty — dimensions of well-being — absolute vs. relative poverty; approaches to measurement — based on monetary indicators vs. social and other non-monetary indicators (also referred to as: access to basic needs, services and basic capital formation); objective and subjective experience of poverty — methods for integrating and reconciling subjective and objective indicators; poverty lines, such as food poverty lines, national, regional, international poverty lines; poverty indices and units — head counts, poverty gap; poverty comparisons — based on stochastic dominance; the case for a "system" of poverty monitoring, comprising point estimates and distributional measures, snapshots and time series estimates, within and across country comparisons.

To provide references for an in-depth study of these topics.

Chapter 3
Past and present practices of poverty measurements (30 pages)

To review past and present practices of poverty measurement, highlighting the progressive broadening of the definition and measurement of poverty — from command over income to other dimensions of well-being (e.g., longevity, education, health) and more recently, to risk, vulnerability, powerlessness and lack of voice; to pay attention to the rapid changing international and global context and its effect on poverty measurement (10 pages).

Based in part on the experiences accumulated by the Rio Group on Poverty Statistics and four regional workshops organized in connection with the project: to discuss the data availability and quality of existing poverty statistics (e.g., at national, subnational and global levels, disaggregated by gender); to review country practices, including methodologies/concepts, data-collection tools, the regularity and disaggregation of estimates; to understand the difficulties/barriers (institutional/

technical/financial) countries face and what is needed to respond to the growing demand for adequate and timely data to guide the design of policies aimed at reducing poverty and for monitoring purposes. Attention will be given to the interplay between national and international stakeholders in providing poverty data for the *Human Development Report*, poverty reduction strategy papers, common country assessments and the Millennium Development Goals (20 pages).

Chapter 4

Statistical tools and estimation methods for poverty measures based on household surveys (40 pages)

To discuss the surveys — income and expenditure surveys, Living Standards Measurement Studies, time-use surveys, Demographic and Health Surveys, labour surveys, appraisal surveys — as sources of data for poverty assessments, based on monetary as well as non-monetary approaches.

To highlight the practical difficulties involved in generating reliable and comparable estimates — definition of terms, sampling, periodicity, frequency, regional differences and other sources of non-random error, costliness and other constraints; to offer options to address specific survey design issues that could potentially affect the interpretation of — or bias — poverty estimates and changes in the estimates — income or consumption; the use of a reference person rather than a "household head" as unit of measurement; imputations and value of non-market services.

To pay due consideration to survey techniques relevant for assessing the well-being of specific target groups (the poorest, earnings from informal enterprise, itinerant and refugee populations, social minorities) and for collecting information of non-economic components of well-being to consider characteristics with different units of analysis — individual, household, community, regional and national.

To address specific statistical and data issues in longitudinal analyses (attrition of the sample over time; high mobility among specific groups) and to describe how measurement errors can particularly bias analyses of transience and vulnerability, and to provide guidance for the analysis and interpretation of the data.

To address the need for developing gender-specific data-collection instruments to enable poverty analysis from a gender perspective.

Chapter 5

Statistical issues in measuring poverty from non-survey sources (40 pages)

To review other sources of data for poverty assessments: national accounts, population censuses, public-sector financial data, administrative records from line ministries and qualitative data from participatory techniques.

To address the current debate on the use and misuse of national accounts for poverty measures and to discuss alternatives for reconciling survey and national accounts estimates of household consumption through a harmonized approach to household surveys and national accounts.

Chapter 6
Poverty analysis for national policy use: poverty profiles, mapping and dynamics (30 pages)

(Analytical techniques presented throughout this chapter will be illustrated by data examples from country cases so as to provide clear and practical guidance to the reader.)

To answer questions (such as what are the characteristics of poor households? who are poor and how to target them? how long does it take them to exit poverty is poverty transient or persistent?) to provide guidance for the analysis of the pattern and change in poverty (address issues related to per capita measures, such as adult equivalence and scale economies); to stress the importance of price indices (regional prices and "poverty-focused" consumer price indices, in particular to obtain relevant and operationally significant measures of changes in the "cost of living" to parallel assessments of poverty levels); to pay more attention to the wider longitudinal/panel aspect of poverty profiling (lifetime income streams, position of children, the sick and the aged, adequacy of savings, gender).

To address the need for gender perspective in poverty analysis.

To discuss the use of combined data sources for poverty assessments, merging household surveys and population censuses to construct poverty maps.

Chapter 7
Global poverty comparisons (20 pages)

To describe existing approaches to measuring global poverty and to poverty comparison across countries, method based on the 1 dollar per day per person; to consider various sources of variability in the computation of the international poverty estimates (PPP conversion).

To explore other alternatives to the existing approach to international comparisons of poverty (based on the $1 per day), such as: are some approaches more adequate for international comparisons than others? Are international comparisons meaningful when the statistical gap between countries in the area of poverty statistics is enormous? Would it be meaningful or useful to limit poverty comparisons to countries at a similar level of development? Is the development of common statistical protocols a fruitful strategy with which to enhance the quality and comparability of both national and internationally comparable poverty estimates?

Chapter 8
Conclusions and recommendations (10 pages)

To recommend an international action plan to assist countries and international organizations in responding to the growing demand on poverty statistics.

To recommend the use of a harmonized approach for collecting poverty data to enable poverty comparisons through time and space.

To suggest a broad agreement on data access for outside researchers (data repository).